GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3519
ANSWERED ON:07.09.2007
NEW GUIDELINES FOR GRANTING LOANS
Gangwar Shri Santosh Kumar;Kusmaria Dr. Ramkrishna

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has issued new guidelines to the banks for granting loans;

(b) if so, the details thereof;

(c) whether any new definition, term and condition has been incorporated in the guidelines, and

(d) if so, the details thereof ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (d): Yes, Sir. The Reserve Bank of India (RBI) periodically issued guidelines to scheduled commercial banks on various aspects of lending, viz. Lending to Agriculture, SME Sector, Educatian and Housing Loans, Priority Sector Advances etc. These circulars are available on RBI`s website http://rbi.org.in.

In respe;t of Priority Sector Lending as per the Master Circular of RBI dated July 2, 2007 on Priority Sector Lending, some major changes in definition, terms and conditions are asunder:

Pursuan: to the PM`s new 15-Point Programmes for the Welfare of Minority Communities, minority communities have been added under the heading `Weaker Sections`.

Fresh deposits placed by banks` on or after April 30, 2007 with NABARD/SIDBI on account of non-achievement of priority sector lending targets/sub-targets would not be eligible for classification as indirect finance to agriculture/Small Enterprises Sector, as the case may be. However, the deposits placed with NABARD/SIDBI by banks on the above account and outstanding as on April 30, 2007 would be eligible for classification as indirect finance to agriculture/Small Enterprises sector, as the case may be. till the date of maturity of such deposits o- March 31, 2010, whichever is earlier.

The targets and sub-targets under priority sector lending would be linked to Adjusted Net Bank Credit (ANBC) (Net Bank Credit plus investments made by banks in non-SLR bonds held in HTM category) or Credit Equivalent amount of Off-Balance Sheet Exposures (OBE), whichever is higher, as on March 31 of the previous year.

The definition of Medium, Small and Micro Enterprises, both in the manufacturing and services sector has been aligned with the provisions of Micro, Small and Medium Enterprises Development Act, 2006.